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C O N F I D E N T I A L SECTION 01 OF 03 MANILA 003046

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TAGS: PGOV PINS PINR KPAO ASEC RP

SUBJECT: ARROYO STEADYING THE SHIP

REF: A. OPS CENTER - MANILA 07-01-05 TELECON

- 1B. MANILA 2993
- 1C. MANILA 2887
- 1D. MANILA 2840
- 1E. MANILA 2815

Classified By: Political Officer Andrew McClearn for reasons 1.4 (b) and (d).

11. (C) Summary: The political scene in Manila continues to be lively but not truly turbulent. During a day trip outside of Manila, President Arroyo vowed to bring the country out of "political and economic deterioration." According to her son, the president's mood was good and she was confident of weathering the storm. Former president Aquino urged Filipinos to remain peaceful and loyal to the Constitution. Hearings in the House and Senate over the tape and illegal gambling scandals continue. The audiotapes may provide new revelations not only about the President's conduct during the May 2004 elections but also about alleged opposition misdeeds. Although an impeachment motion is moving forward, no official votes to refer it to the Senate could take place until the next Congressional session begins on July 25; the prospect of impeachment remains unlikely. The opposition continues to hold anti-Arroyo rallies, but turnout remains relatively small. Arroyo is under pressure, but seems to be having some success in steadyng the ship. End Summary.

Arroyo Carries On

12. (U) President Arroyo visited Iloilo City in the central Philippines on June 30. She proclaimed that "I am committed to moving this nation up from political and economic deterioration to an age of change and renewal." The president also expressed deep concern over the cost of oil and its impact on the economy. The trip out of Manila was the first that Arroyo has taken since she apologized to the Filipino people in her June 27 address.

13. (C) On July 2, Charge will join President Arroyo at Malacanang Palace to inaugurate the "Filipino People's Initiatives Against Trafficking Road Show Campaign." USAID, through its Rule of Law Effectiveness Project, will fund the initial phase of this effort. The event was originally slated to take place at a site in Samar Island in the central Philippines, but, according to the Malacanang handler, the President preferred to remain in Manila "for obvious reasons."

Family Bravado

14. (C) In a June 30 meeting with Acting Pol/C met, presidential son and Congressman Juan Miguel "Mikey" Arroyo said his mother was "tough," her mood was good, and she was confident of weathering the storm. Mikey claimed that "once the tensions subside, you will see that my mother has emerged stronger than ever." Mikey described the opposition as "destructive." Mikey insisted that he had no plans to resign from office, nor did his uncle, Congressman Ignacio "Iggy" Arroyo, although Mikey remains on an official "leave of absence." Mikey plans to join his father on a trip to California on or about July 5. (Comment: While Mikey's words were cocky, his body language was clearly nervous. He eschewed his usual expensive wardrobe and trademark top-of-the-line Rolex for a distinctly inconspicuous look. End comment)

15. (SBU) The First Gentleman departed for Hong Kong with his other son and family and their nanny on June 30. However, the Sandiganbayan court has summoned him to appear on July 4 for the trial of former president Joseph Estrada. According to defense lawyer and former Senator Rene Saguisag, he plans to prove that Mike Arroyo plotted to overthrow the Estrada presidency together with his wife, who was then vice president. It is not clear whether Mike intends to answer the summons or ask for a postponement.

16. (U) Former president Corazon Aquino publicly urged Filipinos to remain peaceful and loyal to the Constitution. In a June 30 televised press conference, Aquino said she had visited Susan Roces, widow of former Arroyo foe Fernando Poe Jr., on June 29 and made clear that Aquino would not support any extralegal actions. Aquino encouraged the Filipino public to find strength in prayer and said that "people power has succeeded only if it is for others... and not personal political gain." Aquino added "there is no need to step outside the Constitution, since doing so would expose us to greater danger than the injustice we want to correct." Aquino plans to attend a prayer rally late July 1. (Charge will meet with Aquino on July 7 for a private lunch.)

17. (C) According to Monsignor "Ding" Coronel, the General Secretary of the Catholic Bishop's Conference of the

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Philippines (CBCP), Aquino remained very close to Manila Archbishop Gaudencio Rosales, other members of the Catholic hierarchy, and many rank-and-file priests and nuns. He remarked that she had become much more active in politics of late, including the June 26 joint call with Archbishop Rosales on President Arroyo. Coronel commented that Aquino, in meetings with Church leaders, had expressed interest in the formation of a "truth commission" that would look into the May 2004 election and ways to reform the electoral system. Coronel added that the CBCP will issued statements regarding the situation during its annual meeting in Manila, which will be held July 4-11. The "Social Action" office of the CBCP issued a statement on June 30 calling for "national sobriety" and non-violence.

Hearings Plod On

18. (SBU) Hearings in the House and Senate over the tape and jueteng scandals continue. The joint committee in the House investigating President Arroyo's role in post-2004 election improprieties listened to a shortened version of the tape on June 30. House Minority Leader Francis Escudero won his motion to replay a 32-minute version of the audiotape allegedly containing snippets of conversations between President Arroyo and then-Commission on Elections (COMELEC) official Virgilio Garcillano. Pro-Arroyo representatives had argued in favor of playing the full three hour-long audiotape, which reportedly also contains improper conversations between COMELEC officials and members of the opposition. House Speaker Jose de Venecia commented that in the end the majority voted to go ahead and play the tapes "because there is nothing to hide and we want the Filipino people to know the truth."

19. (U) Across town at the Senate, the inquiry into jueteng and charges that members of President Arroyo's family engaged in profiteering also continued. Committee co-chairs Manuel "Manny" Villar and Manuel "Lito" Lapid resisted Malacanang's efforts to turn the investigation over to the Office of the Ombudsman. Villar issued a statement that the Senate would not tolerate intimidation of witnesses, after Archbishop Oscar Cruz, an anti-jueteng advocate who has called for Arroyo to resign from office, repeated claims that his life was under threat.

110. (C) An impeachment motion filed on June 28 (ref b) was modified on June 30 in order to accuse Arroyo of "conduct unbecoming" a President. Several opposition members claimed the motion was deliberately vague so that the pro-Arroyo majority in the House could more easily dismiss the motion on technical grounds. Lawmakers have moved to include the motion in the order of business in the House. According to July 1 comments by House administrator Artemio Adasa, the complaint is now on track to be referred to the 55-member House Committee on Justice (dominated by PGMA supporters) no later than the middle of August, after the next formal session begins on July 25. After receiving the complaint, the committee must produce a report within 60 session days recommending whether or not the complaint has sufficient substance for further review by the House. A one-third vote (79 members) is then needed in order to pass the impeachment motion on to the Senate. Mikey Arroyo and other politicians have predicted privately that any impeachment motion will almost certainly not get far in the House given the pro-Arroyo majority there.

Rallies

111. (U) The opposition continues to hold anti-Arroyo rallies, though turnout remains small by Filipino standards. Peaceful rallies of between 1,000 to several thousand people

took place in the central business district of Makati on July 1 and June 30. In Cebu City, about 1,000 leftists rallied in front of the Cebu Presidential office, a.k.a., the "Malacanang of the South." There were no reports of violence during the protests. Opposition figures say there will be additional rallies in days to come.

¶12. (U) The opposition has decried what its members call the Administration's "clampdown on the freedom of speech," claiming that it has been difficult to muster crowds largely because Metro Manila mayors friendly to Arroyo fail to issue permits and the Philippine National Police (PNP) is "uncooperative." Those in the pro-Arroyo camp have asserted that the opposition's rallies have basically been small because of a lack of interest among the public. Other observers have noted that it is now the rainy season, which dampens participation and makes rallies and marches more difficult to pull off. There are many allegations that protesters have received payment for turning out.

Comment

¶13. (C) Arroyo remains under pressure. The opposition continues its steady drumbeat against her, and she is getting little sign of strong support from her ostensible supporters (many of whom have always been lukewarm towards her). Expected price rises stemming from the onset of the expanded Value Added Tax on July 1 could also further roil the waters (septel will describe the limited economic impact so far of the political drama, along with the resignation of Secretary of Agriculture Yap due to charges of tax evasion). Arroyo seems to be having some success in steadying the ship, largely by insisting that she remains focused on her substantive agenda. Unless she faces dramatic slippage in support, perhaps due to new revelations, impeachment appears unlikely but the saga will continue to unfold.

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